

## ***Rule 8-1***

### ***FINANCIAL STATEMENTS***

#### **AUTHORITY:**

24-75-102, C.R.S. (Appropriations Expended - When - Balance)

#### **DEFINITIONS:**

**Financial Statements** - Financial information as defined by Generally Accepted Accounting Principles, as adopted by the Governmental Accounting Standards Board.

**Financial Reports** - Financial information compiled periodically to assist in management decision-making or for reasons other than financial statement purposes.

#### **RULE:**

Financial statements prepared by state agencies and institutions of higher education shall be submitted to and approved by the State Controller's Office as required by the State Controller. Unless otherwise provided by this fiscal rule, financial statements shall be prepared in accordance with generally accepted accounting principles.

~~The State Controller shall provide~~ Any state agency or institution of higher education's that have individual audits of its financial statements by to the Office of the State Auditor or its contractor, may provide draft financial statements to the Office of the State Auditor or its contractor to facilitate a timely and efficient audit. The draft financial statements must be submitted to the State Controller's Office at the same time. Before publication of the financial statements, the statements must be submitted to the State Controller's Office for approval. which shall be used as the state agency or institution of higher education's official statements for audit purposes. State agencies and institutions of higher education, upon request, shall also provide copies of their official financial statements to other interested parties.

#### **Financial Statements for the State of Colorado**

The annual financial statements for the State of Colorado shall be prepared by the State Controller's Office in accordance with generally accepted accounting principles. These annual financial statements shall reflect all of the financial activities of State Government.

#### **Financial Statements for State agency or institution of higher education Reporting**

The state financial system generates a balance sheet and an income statement for each state agency or institution of higher education utilizing the system. These system generated financial statements are considered acceptable financial statements for the purpose of complying with this fiscal rule.

Financial statements prepared by a state agency or institution of higher education for formal third party reporting shall be prepared in accordance with generally accepted accounting principles.

Financial statements prepared by institutions of higher education may be presented at institution or governing board level.

Exhibit information required in the fiscal year-end closing instructions issued by the State Controller and any post-closing adjustments are an integral part of the financial statements and are considered part of the state agency or institution of higher education reporting requirement.

#### *Required Reconciliation to the State Financial System*

Financial statements prepared by state agencies and institutions of higher education shall be reconciled to the state financial system. A copy of this reconciliation shall be provided to the State Controller.

Should the STATE FINANCIAL SYSTEM generate the required state agency or institution of higher education financial statements, these system generated financial statements shall satisfy the requirement for this reconciliation.

#### *Financial Reports Provided to State agencies and Institutions of Higher Education or Other Interested Parties*

As required by statute or regulation, or upon written request, financial reports shall be provided to state agencies and institutions of higher education or other interested parties. These reports shall be based on financial data obtained from or reconciled to the state financial system. If the report provided contains additional financial information or if the report has been modified, a copy of the reconciliation of the report to the state financial system shall be retained by the state agency or institution of higher education.

#### *Additional Financial Reports for State agencies and Institutions of Higher Education*

In addition to the financial statements required by this fiscal rule, state agencies and institutions of higher education are encouraged to provide additional financial reports. These reports should be tailored to meet their needs and enhance their ability to make timely and accurate decisions.

The reports prepared should be relevant, easy to understand, comparable, timely, consistent, current, accurate, and reliable. Reports may include but are not limited to such items as: comparison of budget to actual for programs or organizational units; efficiencies and economies in operations; and the results of specific programs and activities, as reflected in accomplishments, benefits, and effectiveness; and compliance with legal requirements and administrative policies.